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Audit Letter re:

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San Francisco International Airport
County

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City and County of San Francisco

OFFICE OF THE CONTROLLER

Audit Letter re:

**Fines Paid to San Francisco International Airport
By San Mateo County**

September 14, 1999



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Edward Harrington
Controller

September 14, 1999

Audit No: 98071

John Martin, Airport Director
San Francisco International Airport
P.O. Box 8097
San Francisco, CA 94128

Dear Mr. Martin:

At the request of Lilia Avendano, Airport Fiscal Officer, the Controller's Audits Division conducted a review of the parking and moving violation fines paid to the San Francisco International Airport (Airport) by San Mateo County. The purpose of this review was to determine if Lockheed Martin IMS (Lockheed), which processed traffic fines for San Mateo County, correctly accounted for and recorded the parking citations issued by the San Francisco Airport Police (Airport Police), and whether San Mateo County correctly paid the Airport for its share of the fines. In fiscal year 1997-1998, the Airport received \$488,582 in parking and moving violation fines. Approximately 95 percent of the total amount resulted from parking fines and the remainder from moving violation fines.

Background

San Mateo County had a contractual agreement with the Airport to process parking and moving violations issued under Vehicle Code Section 40200.5 at the San Francisco International Airport. This agreement, effective June 11, 1996, expired on June 30, 1999.

The agreement between San Mateo County and the Airport required San Mateo County to administer a sub-contract with Lockheed, a third party vendor, to provide electronic processing of notices of parking violations and collection of payments. The agreement also required San Mateo County to maintain accounting records, process daily deposits, and process monthly distribution of funds at the end of each accounting period. In addition, San Mateo County was to provide administrative reviews and administrative hearings for individuals who contested notices of violations.

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Lockheed Correctly Recorded the Parking Citations It Received

We reviewed Lockheed's database and records for selected months in the period from July 1997 through February 1999 and found that Lockheed correctly recorded and accounted for the parking citations issued by the Airport Police. We selected 120 parking citations issued by the Airport Police in November 1998 and traced these citations to Lockheed's database to verify that Lockheed received and recorded the citations in its database. We found that Lockheed correctly accounted for and recorded all 120 parking citations. We also judgmentally selected another 20 parking citations issued in November 1998 and 20 parking citations issued in January 1999 that Lockheed recorded receiving. We examined the original parking citations and found that Lockheed did not make any errors in recording the information on the citations.

San Mateo County Contracted With a New Vendor to Process Citations

Effective July 1, 1999, the Airport entered into a new one-year agreement with San Mateo County for processing citations for parking and moving violations. San Mateo County contracted with a new vendor, Turbo Data System, Inc. (Turbo Data), to process notices of parking violations and collect payments. However, under the new contract, San Mateo County is no longer responsible for daily deposits and monthly distribution of funds. Instead, Turbo Data deposits the collections on parking fine issued at the Airport directly to the Airport's account. We have not reviewed the systems used by the new contractor, but we identified some procedures, which the Airport should consider implementing to ensure that it receives all the revenues it is due.

RECOMMENDATIONS

Airport Accounting should take the following actions to ensure that the Airport receives all the revenues it is due from San Mateo County:

- Compare the number of parking citations the Airport Police reports it issues each month to the number of parking citations Turbo Data reports processing each month. Airport Accounting should follow up on any significant differences.
- Compare the Airport's revenue received each month to Turbo Data's collection reports to ensure that the revenue amount is comparable to the collection amount. In our review of Lockheed we found that the two amounts did not vary by more than one-tenth of one percent.

- Receive and retain the revenue reports generated by Turbo Data for a two-year period for auditing purposes. In addition, the Airport Police should also retain summary monthly data of the parking and moving violation citations it issued for a two-year period for auditing purposes.

Sincerely,

A handwritten signature in black ink, appearing to be 'Noriaki Hirasuna', written in a cursive style.

NORIAKI HIRASUNA
Director

Staff: Kathleen Lucey, Audit Manager
Winnie Woo

cc: Lila Avendano, Airport Fiscal Officer, San Francisco International Airport
Captain James M. Lynch, Airport Bureau, San Francisco Police Department



